

I am Ron Cretaro, the Executive Director of the Connecticut Association of Nonprofits. CT Nonprofits is a statewide association of more than 500 nonprofit organizations. On behalf of our Public Policy Council, I would like to contribute the following input towards the development of the State of Connecticut's Economic Strategic Plan.

According to 2007 National Center for Charitable Statistics data, Connecticut has nearly 20,000 nonprofit organizations. A 25% increase from ten years ago. Close to 14,000 nonprofits are classified as 501 (c) (3) organizations or charities established for educational, charitable or philanthropic purposes. Of those 14,000, approximately 7,000 file form 990 signifying they have annual revenue of \$25,000 or greater.

According to Form 990 (the annual fiscal report submitted to the IRS) from the year 2004, the revenue and assets of those 7,000 nonprofits are reported at \$26 billion and \$74 billion respectively. Again, this is only the revenue and assets of 7,000 nonprofits of a total 20,000 nonprofits. It bears repeating: **CT has 7,000 nonprofit organizations with revenues of revenues of \$26 billion and assets of \$74 billion.**

Further, Connecticut's nonprofit sector employed 165,000 individuals representing close to 12% of the State's workforce according to 2004 State Department of Labor data. I would venture to say once more current data is available that percentage will have increased.

Needless to say, nonprofit organizations in Connecticut are an economic force – one that is rarely acknowledged.

It is important to also point out that nonprofit organizations are businesses. Do not confuse our tax classification with the need to maintain a positive bottom line or surplus. The difference is what nonprofits do with their profits, something much different from what for-profit businesses do with theirs.

I wish to focus a major portion of my remarks on nonprofit organizations that are funded, inspired and fostered by State legislative action. These are nonprofit organizations which the State of Connecticut has turned to and relied upon to help the State fulfill its mission and commitments to its citizens. These are organizations which rely on state contracts and funding primarily for health and human services, but also education, arts and culture.

Nonprofit organizations are often commended for their contribution as a "safety net" which provides valuable services to the State's residents, but rarely are these organizations cited for the economic contributions they make to the State's overall economic vitality and success.

The direct and indirect effects of nonprofits on the economy are substantial. Nonprofits pay wages and benefits to employees who in turn fuel our economy through spending on property, food, housing, transportation, child care, clothing, furniture, dry cleaners, recreation, travel, insurance, healthcare and conferences, etc. Nonprofit organizations themselves spend on vendors for all the things that businesses need to function and on specialty items related to health and human services. While a lot of this may be obvious, some is less so. For instance, where

construction is involved, the involvement of contractors, suppliers and other vendors is tremendous. Nonprofits also contract for plumbers, electricians, landscaping services, legal and accounting services among others. In addition, nonprofits pay taxes. While some nonprofits are exempt from property taxes and in some cases sales tax, many nonprofits pay local property taxes and sales taxes. Also, nonprofit employees pay taxes – federal and state income, social security and directly or indirectly (through mortgage or rent) local property taxes.

Finally, charitable nonprofits benefit Connecticut citizens in ways that cannot be easily quantified. They are tools for building community, fostering civil society, strengthening our social fabric and are essential to improving the quality of life in our state. Citizens of Connecticut have and will continue to place their trust in the responsiveness, creativity, performance and quality of services provided by nonprofits.

Although I am lacking in specific data, I contend that more jobs in Connecticut have been created directly in the nonprofit sector by Legislative action in the last five years than any other sector of the State's economy except perhaps construction due to the state bonding package.. Please consider the following State budget initiatives by both the Executive and Legislature

The following is not an exhaustive list:

- Day care services (DSS)
- Early childhood education - School Readiness (DOEd)
- Charter Schools (DOEd)
- Halfway Houses and Alternatives to Incarceration (DOC)
- Juvenile Justice Services and Alternatives To Incarceration (Judicial – CSSD)
- Waiting List Services Consent Decree (DMR/DDS)
- High School Graduates day & residential services (DMR/DDS)
- Age Out Day & Residential Services (DMR/DDS)
- Autism Services (DMR/DDS)
- HIV/AIDS prevention and housing (DSS) DPH)
- Adult Mental Health & Substance Abuse services (DMHAS)
 - Mental Health Strategy Board
 - Transformation Grant & Other Recovery Oriented Services
- Supported Housing Support Services (DMHAS) (DCF)
- After School Services (DCF)
- Group Homes for Adolescents (DCF)
- Community Services Consent Decree (DCF)
- Human Infrastructure Initiative (DSS)
- Home Care & Assisted Living Alternatives to Nursing Homes (DSS)
- Community Forensic Services (DMHAS)
- Brain Injury Services Consent Decree (DMHAS)
- Foster Care Services (DCF)
- Community & Prevention Services (Children's Trust Fund)
- Personal Care Attendants (DSS)
- Workforce Investment Act (DOL)

If you search the state budgets of the last five years, it is astounding the number of jobs which have resulted in the nonprofit sector from the millions upon millions of dollars appropriated. Just as one example, each of the 40 DCF funded adolescent group homes opened/in the process of opening by nonprofit organizations 20 individuals. That is 800 jobs alone. While it would appear that in creating jobs in both the public (state jobs) and private nonprofit sectors, the State of Connecticut itself is part of the economic solution. However, part of my story today also includes that the State of Connecticut is also part of the problem.

The problem being that while many of the jobs being created in the nonprofit sector as a result of state funding and initiatives are lower wage jobs which fail to meet most any self-sufficiency standard that is applied. State policy leaders have heralded an emphasis on 21st Century Jobs in Connecticut. Nonprofit jobs, or the overwhelming number of jobs the Legislature itself has created, are not viewed with that framework. A nonprofit health or human services job created through a state Purchase of Service contract is not considered the “poster child” job of the 21st Century.

How does this manifest itself, in particular in direct care line staff:

- Employees of nonprofit organizations with state funding must hold more than one job to pay for the basics of life – food, clothing, housing, child care, etc.
- Employees of nonprofit organizations earn wages which are often not sufficient to support a family.
- Employees of nonprofit organizations often cannot afford to live in the communities in which they work, especially in the towns and cities of Fairfield County.
- Employees of nonprofit organizations find themselves qualifying for state insurance programs such as HUSKY.
- Ironically, employees of nonprofit organizations are not able to achieve the “American Dream” or to enter the middle-class while the programmatic goals for clients of their nonprofit employer is often to achieve that same goal.

In order to secure a better future, The State of Connecticut must increase real wages and benefits through its funded contracts. I would hasten to add it must pay fairer rates and reimbursements for the services it purchases and contracts for with nonprofit organizations.

Many of the day care and direct service human service jobs created by the State budget programs result in contracting nonprofits paying between \$10-12 per hour. While higher than minimum wage, it fails to place an individual employee of a nonprofit anywhere near a middle class threshold, no matter how “middle class” is defined. The State of Connecticut tacitly permits organizations with whom it contracts to pay wages which are on average 50% less than what the State pays its employees for comparable work. This does not include an additional large disparity in benefits received by State employees compared to nonprofit employees in the health and human services arena.

Connecticut has begun making major investments into critical infrastructure issues such as early childhood education with the aim of developing a competitive and quality workforce for the future; higher education towards keeping more of our graduating Connecticut students in-state and providing a highly skilled workforce; housing – both supported and; smart growth and land

use initiatives in order to protect and insure an excellent quality of life; economic development in our urban areas to create jobs and spur growth; transportation to enable economic growth; and health care by increasing Medicaid rates and gradually beginning to address those without insurance. More is required, however, and it still has matters waiting to be addressed. Among the greatest needs are the growing income inequality, providing health care to all uninsured both aimed at building the middle class and moving people out of poverty.

Connecticut Leads the Nation in Multiple Measures of Income Inequality

Douglas Hall, Ph.D., Joachim Hero, M.P.H., and Taby Ali

Courtesy of Voices For Children

According to data from the U.S. Census Bureau, Connecticut and New York lead the nation in household income inequality, followed by Louisiana, Texas, Alabama, and Mississippi. This fact sheet categorizes states by their degree of income inequality, based on a well-accepted index known as the Gini Coefficient.

Using this measure, in 2006 Connecticut had the second most unequal income distribution in the nation and the *greatest growth* in income inequality in the country over the past few decades. Out of 250 Metropolitan Statistical Areas (MSAs) throughout the nation, Connecticut MSAs occupied four out of the top five spots for increased income inequality. Stamford-Norwalk, Bridgeport, Waterbury, and Danbury ranked 1st, 3rd, 4th, and 5th, respectively for the highest growth of income inequality. (October 2007)

CONNECTICUT ASSOCIATION OF NONPROFITS

CT's Economic Strategic Plan Development

Overview of services provided by nonprofits in Connecticut today:

- **Nonprofit organizations run vital and essential services to citizens in every one of our state's 169 towns.** These services include such as group homes, behavioral health treatment services, domestic violence shelters, elder care, child care, child development, community and economic development, disaster relief, crisis intervention, educational and vocational services.
- Nonprofit organizations employed over **165,000 people** in Connecticut, an impressive **11.8% of the state's labor force**.
- Nonprofit expenditures in Connecticut add more than **\$17 billion to the Connecticut economy in 2003**.
- Human service organizations make up the largest proportion of Connecticut's reporting charitable nonprofits (34.1%), providing a broad spectrum of services.
- **Nonprofit employees earned over \$6.5 billion in wages or about 8.2% of the state total.** This is about equal to the total wages paid to employees of the state's construction industry and state government combined.
- In 2004, nonprofit employees earned an average of \$761.78 per week. This is nearly 30% less than wages paid to state government employees and over 20% less than wages paid to construction employees. **Nonprofit social service employees earn 53% less on average than state government employees performing comparable work.** Salaries reflect and undervaluing of this very large and vital workforce that will become increasingly more detrimental to the State of Connecticut as the population the community based nonprofit sector serves grows and ages.

Key Points on the economic challenges facing nonprofits in Connecticut today:

- **The State of Connecticut purchases approximately \$1.6 billion per year in community based health and human services, saving almost as much as they spend by utilizing this effective and efficient service delivery system to meet needs.**
 - Skyrocketing energy, insurance and medical costs are making it impossible for this public-private partnership in the delivery of vital services to continue.

- Connecticut's elected officials provided a 3% increase to nonprofit providers this year to help them meet growing costs. There is no increase budgeted for next year.
- The fact is that the 3% increase simply does not provide sufficient resources to allow nonprofit providers to meet the increasing costs of maintaining the quality services Connecticut's people deserve.

➤ Reducing services for some of our most vulnerable neighbors is bad public policy, hurting Connecticut's long term growth and stability while resulting in more cost to taxpayers. **Longer waiting lists and fewer services will result in additional needs for more costly emergency treatments, police interventions, shelter services and institutionalization such as prison and nursing home care.**

Key Points on the role of nonprofits in strengthening Ct's economy:

- A strong and viable Not for Profit sector makes sense to Connecticut Tax payers and consumers:
 - From a financial perspective, services provided by the not-for-profit sector are significantly more economical.
 - In terms of quality of services, the not-for-profit is equal if not better in all areas.
 - Not for Profit corporations have a significant advantage in comparison to the State in that it is flexible, efficient, and dynamic and that it can meet emerging needs quickly and efficiently.

The bottom line is that the State Government is best at setting Policy, generating Revenue, writing Regulations, and Licensing and Monitoring the implementation of Human Services. The not-for-profit sector is best at providing high quality, cost effective, community based Human Services.

- Provide adequate funding to allow nonprofits to preserve core services and address increased demand.
- Maintain the educated and qualified health and human services workforce we have today by continuously improving the salaries and the career opportunities available to those who chose to serve our most vulnerable neighbors.
- Create a brighter future by making a career choice in health and human services one that can help turn Connecticut students into Connecticut employees that pay taxes, buy homes and grow roots in our state.
- Continue to support services that provide so many with the opportunities to meet their individual potentials and become active, productive and vital members of our communities.



RECOMMENDATIONS FOR ECONOMIC DEVELOPMENT INITIATIVES

Changes in the state's demographics and in the economy of our state and country require that we review our approach and efforts in workforce development. The opportunities and challenges we face require expansion and investment in resources in order to enhance educational and training opportunities for success.

The following recommendations are submitted for exploration and discussion:

- Enrollment for community colleges increase as individuals that are laid off look for opportunities to build a better future; therefore, training resources should be expanded at the state level to meet this anticipated need for these individuals and incumbent worker training.
- Connecticut needs to be prepared to provide comprehensive training for future opportunities in science, technology, engineering and mathematics to grow its economic future.
- Another area Connecticut can focus on is green technologies, such as solar technology and green construction, advanced lean manufacturing techniques, etc.
- The economy can be grown by more attention and support to entrepreneurs who are starting micro-enterprise. More support and training should be applied to this area.
- Support for expansion of computer assisted manufacturing technology is essential to the sustainability and growth of high technology scientific applications with manufacturing.
- The ability to provide portable CNC training would go a long way to assist smaller firms which cannot afford to leave their site for training.

Testimony 12/04/2007 at Middlesex Community College

To DECD Commissioner Joan McDonald:

My name is Séan W. Moore and I am the president of the Greater Meriden Chamber of Commerce.

I bring you greetings from the City of Meriden...one of the many localities which claims to be the geographical or functional or theoretical center of the state...and for the record we are proud to say that WE ARE A CITY! Whether we truly are the center of the state is not terribly important.

What is important is that the City of Meriden and the Greater Meriden Chamber of Commerce are working together to create and constantly improve the connections that make us one of the best cities in Central Connecticut positioned and ready for sustainable economic growth!

We currently have excellent Rail resources with Amtrack and freight service and we have been busy preparing our City Center for the NH-H-S Commuter Rail which will create expanded opportunities for both the residents and businesses of central Connecticut.

We currently have 3 local bus routes that terminate at the Rail station to deliver commuters to their final destinations including their jobs on Research Parkway and to our excellent Medical and shopping services. And we have partnering bus services with Middletown and New Britain.

We are currently renewing our discussions with Cheshire and Southington to create new bus service to best maximize the opportunities afforded by the NHHS commuter rail system.

We have superior highways access with I-91, Rtes 5 and 15 which run north and south through Meriden. These resources are coupled with outstanding east-west connectivity with I-691, which is literally only a walking distance from the rail station. I-691 serves as a bridge between Rte 9 and I-84 to create easy east and west access to the rest of the state and beyond.

Today, our city has resources in the ground that provide the most reliable and state of the art communications and utility infrastructure which businesses find most attractive.

Our housing costs have been very stable and housing starts are up which helps to retain employees.

In addition, we have enjoyed a strong employment base and Meriden has a suite of employment and education services, ranging from the CT Works One Stop to the Meriden Business and Learning Center and including the growing Meriden Center of Middlesex Community College. These services make Meriden an attractive location for companies as well as families locating in our region and in this state.

In short, the capacity of Meriden to grow is enormous.

I would like to thank the DECD for their grant for the HUB building demolition and urge your continued support for additional projects like transit oriented development planning and implementation.

Look forward to working with the DECD as we grow the state together one business, one building, one resident and one job at a time.

Thank you for your time.

Séan W. Moore, The Greater Meriden Chamber of Commerce, Inc., 3 Colony St., Meriden, CT 06451

Testimony for Economic Strategic Plan Meeting
Tuesday, December 4, 2007
Middlesex Community College

Submitted by: Taren McKinney
Secretary and Treasurer
Middlesex County Revitalization Commission

Good afternoon Commissioner and everyone. My name is Taren McKinney. I work for the Middlesex County Chamber of Commerce as Director of Government Affairs, Director of Public and Media Relations and Liaison to the Middlesex County Revitalization Commission, which is the organization that I am representing here tonight.

Thank you for the opportunity to provide some input.

At the initiative of local leaders, the Middlesex County Revitalization Commission was established by the State of Connecticut in 1994 to assist and coordinate economic development activity in Middlesex County. The Commission is made up of the CEO or an appointee of the CEO of each town in Middlesex County.

The overall purpose of the Revitalization Commission is to stimulate and support economic development within Middlesex County.

To achieve that purpose, the activities of the Commission include:

- the promotion and coordination of economic development within the region;
- the retention of existing businesses;
- the creation of new businesses;
- the creation of jobs;
- the promotion of the region; AND
- the fostering of a strong business climate.

The Commission offers a revolving loan (which is funded by DECD) to local businesses in order to help meet the credit needs of businesses which are unable to access traditional lending sources. It was designed to encourage growth and stimulate small and mid-sized industries and businesses resulting in the creation and retention of jobs in the region. The loan fund is specifically designed to help manufacturing and retail businesses.

The Commission really appreciates the impact of small businesses in our region and we want to continue working with the City of Middletown and the surrounding towns to see more tourism, a better transportation infrastructure and public transportation system, more jobs and more housing for employees to live.

We hope to continue assisting small businesses and grow to offer more loans and larger loans. We look forward to working closely with our towns on their specific economic development projects. Long term, we want to play a role in making Middlesex County and the State of Connecticut more competitive.

Testimony of Thomas E. Marano, CEcD
December 4, 2007

Speaker Background: Thomas E. Marano, CEcD is a business development manager for Northeast Utilities Service Company. He is a Certified Economic Developer with 15 years experience working in the economic development department of NU, including three years as a loaned executive from Yankee Gas to the Connecticut Department of Economic Development from 1992 to 1995. He has worked with more than 1,000 companies during these years.

Summary:

Young professionals and their families represent the future of this state. As such, DECD should include, as part of this economic development plan, strategies to attract and retain people in this demographic, aged 25-39.

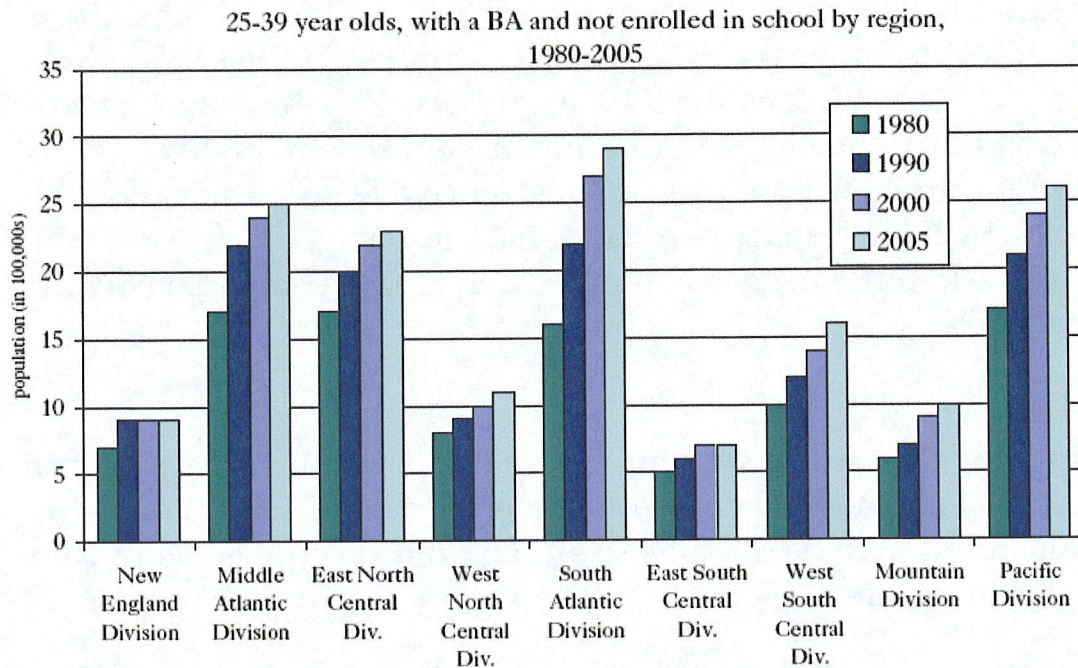
Testimony:

Recent research, discussed below, illustrate my two main points:

- Connecticut should recommit to **BOTH** attracting and retaining young professionals and their families.
- The state's prime opportunity is with young, foreign-born professionals who come here for educational opportunities and stay for knowledge-based jobs.

According to a November 2007 report by the Federal Reserve Bank of Boston, which studied this cohort, the population of 25-39 year-olds not enrolled in school in New England has remained steady over the past 15 years, which seems contrary to the prevailing opinion that the region is shedding young people (Fig. 3).

Figure 3: While the population of young professionals in New England is holding steady, it is growing in all other regions



Source: NEPPC calculations from 1980, 1990, and 2000 Censuses and 2005 ACS.

Notes: All calculations are household population. Direct comparisons of 2005 ACS and 2000 Census data should be treated with caution. The 2005 ACS estimates draw from a smaller sample size and have a different definition of residency.

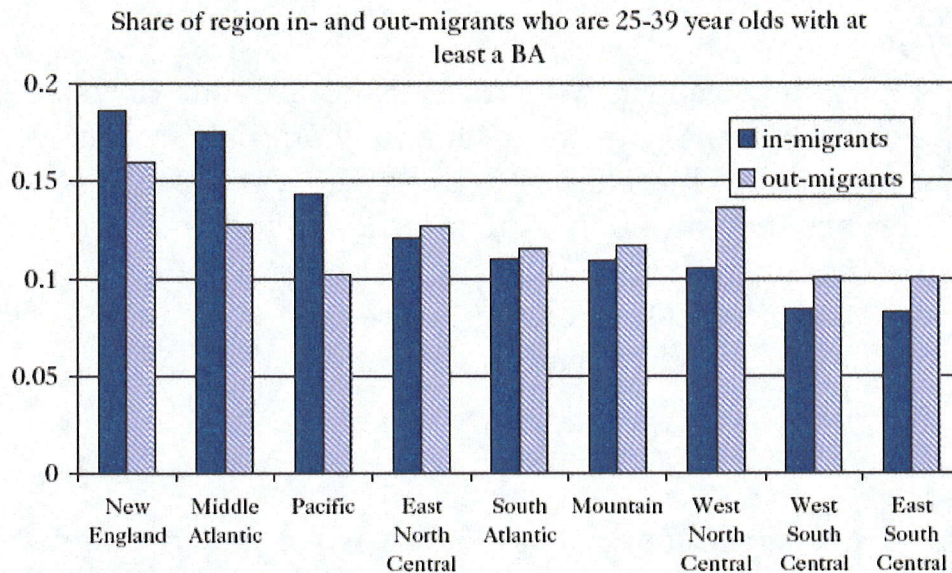
Regions are the Census defined divisions.

However, in the same time period, that same cohort in the remainder of the US grew by more than 22%, showing that the region is lagging the nation in retaining and growing this critical population.

Looking deeper into these data, New England lost nearly 7% of its domestic-born 25-39 year-olds, but gained more than 14% of those born outside of the country (Fig.4). This indicates that foreign-born

young professionals find the region, including Connecticut, an attractive place to live and work.

Figure 4: Young professionals make up a larger share of both in- and out-migrants in NE than in any other region



Source: NEPPC calculations, based on 2005 American Community Survey

Note: Population excludes group quarters (dormitories, prisons, military barracks, and nursing homes).

Two surveys in recent years by the Hartford-Springfield Economic Partnership of area college graduates found that 50% **perceive** the region as lacking good job opportunities, prompting them to look for jobs outside of Connecticut.

Recent U.S. Census data show two key demographic trends that portend long-term negative impacts on the state. First, Connecticut's work force is one of the oldest in the nation and aging rapidly. Second, it can expect a disproportionate jump in its retired population, as compared to the nation. The first trend already shows in shortages of certain professional staff and skilled workers. CL&P, for example, has difficulty finding electrical engineers and line workers. It is very difficult, as well, to recruit young people into technical training programs. Furthermore, there exists a meager pipeline to support key manufacturing industries.

The long-term implications are that the state could see lower consumer spending as the aging population spends less on consumer goods. In addition, Connecticut could see higher health care expenses as the population ages, further stretching limited state healthcare dollars.

Census data also show the ratio of childless households to those with kids has risen from 3-1 in the 1960s to about 5-1 presently. This ratio is expected to increase to 6-1 within 15 years. This will inevitably increase pressure on municipalities to forego spending on community amenities and reduce support for education. Already, many communities across the state have difficulty passing annual budget and education referenda. As the population ages, this will be exacerbated.

Solutions

Given the above, Connecticut, as part of its economic development plan, should actively support programs that can attract and retain 25-39 year olds.

1. Develop an overt strategy to reach out to foreign-born students and their parents at Connecticut's prep schools, colleges and universities. These institutions are where many foreign young people are first introduced to the state; we should make sure they and their parents feel welcomed.
2. Build upon the "InternHere.com" website. This is a free, interstate matching service which serves Connecticut and western Massachusetts, supported in part by the Connecticut Office of Workforce Competitiveness, which makes it easy for college students seeking internships to find employers offering the same. Since its inception in 2005, over 4,900 students in the region and 2,100 from outside of the region, 700 colleges and universities and more than 720 employers have taken advantage of the service.
3. Support the growing number of "Young Business Leader" programs now being offered at chambers of commerce across the state. The state could help spread the word statewide on best

practices, act as a clearinghouse of information and be a resource to the groups. Two examples of these programs are the Hartford Young Professionals and Entrepreneurs (HYPE) of the Greater Hartford Alliance whose members number more than 200 hundred; and, the Young Business Leaders of Greater Meriden of the Greater Meriden Chamber. This 60-member group, for example, is starting a high school mentoring program. These groups are the state's next cohort of leaders and should be supported and trained to fill that role.



**Northeast
Utilities System**

Thomas E. Marano, CEcD
Business Development Manager

Northeast Utilities
Service Company
P.O. Box 270
Hartford, CT 06141-0270

Phone 860.665.5121
Cell 203.605.3416 2669
Fax 860.665.5755
Pager 800.542.5154, #3737
marante@nu.com

Middletown: Gateway to the lower Connecticut River Valley
A thriving college town on the banks of the Connecticut River

William Warner, AICP
Director of Planning, Conservation and Development
City of Middletown, CT

Presented to Joan McDonald, Commissioner
CT Department of Economic and Community Development
On December 4th, 2007
Middlesex Community Technical College

Middletown is the central city of Middlesex County. The city is rich in cultural and natural resources. Over the last 15 years the city has made many "smart growth" investments. These investments have included millions of dollars of investment in environmental protection, social equity and economic development.

- Over 2,000 acres of open space has been preserved.
- New affordable housing and a network of strong social services has been developed; and
- Almost two (2) million square feet of new commercial and industrial development has been built and over 1,000 new jobs have been created.

The State Department's of Economic and Community Development, Environmental Protection, Transportation and the Connecticut Housing Finance Authority have provided critical support for these projects.

As we look at Middletown we see five (5) distinct growth areas of regional and statewide significance.

These include:

Interstate Trade and Interstate Mixed Use Zones –Aetna property

Aetna's departure represents tremendous opportunity for the City of Middletown. The site encompasses 263 acres of prime land with all attributes required for intensive commercial and industrial development. The Planning and Zoning Commission's long-standing policy not to allow single use retail in the IT zone should remain. The city cannot give into quick fix retail proposals which generate less tax revenue and creates jobs which are inferior to those created by office / industrial land uses.

- The City and the State need to work closely with the current landowner to devise the optimal plan for the property's reuse. A high quality, transit oriented, mixed-use development would be ideal, including connections to Meriden's planned Metro North station.

Downtown Middletown

Taken cumulatively the downtown is the second largest taxpayer and the largest employer in the city. The revitalization over the last 10 years has significantly increased the quality of life in the city and brought about significant appreciation in property values.

Due to the density and size of the building's that can be built in the downtown, new development in this area can add significantly to the grand list. To preserve the unique character of the downtown the City needs to plan new development very carefully.

The city is extremely fortunate to have access to \$19 million in federal funds to be used to address parking and transportation issues in the downtown. The city is now developing a plan to spend the \$19 million. The plan must address existing needs but also identify areas for future development and use these funds to create parking and transit facilities strategically placed to attract additional investment.

New market rate housing in the downtown is critical. Programs need to be created to subsidize developers creating market rate housing in the downtown. Specifically for new construction and to encourage the conversion of upper story Main Street buildings to residential.

If the downtown is to truly succeed, it has to be repopulated with middle and upper income residents. These residents will use the downtown during off peak hours, in the evenings and weekends throughout the year.

The state needs to:

- Release the \$1 million the legislature approved for parking in downtown Middletown and DECD should get involved in the expenditure of close to \$23 million in federal, state and local highway and transit funds in downtown Middletown.
- The State should fund and include Middletown in the UR Home program.
- The State should create economic development funding targeted to market rate housing developers within urban centers.
- A mass transit connection to the proposed Meriden Metro North Hub would link our city and provide access to employees, business and students.

South Cove Riverfront Development Area

This area has the potential to bring national retailers, a marina and high-end riverfront housing adjacent to Middletown's downtown. The development is being planned in conjunction with the relocation of the city's sewage treatment plant and the reconfiguration of the Rt. 9 / Rt. 17 highway interchange. Once these two projects are complete the area holds tremendous potential. It represents eighty five (85) acres of land in the center of the richest state in the nation and it is located in the 2nd wealthiest county in the state. The area has direct highway access and over 3,000 feet of frontage on the Connecticut River. The challenge with this development will be the need to create a pedestrian friendly environment which links to the downtown and to insure that this project complements and does not compete with the historic downtown.

The State needs to:

- Support and help with the funding to decommission the city's sewage treatment plant;
- Fast track the DOT's reconstruction of the Route 9 & 17 interchange;
- Fast track the lighting of the arches of the Arrigoni Bridge. When the sister bridge, the Desoto Bridge in Memphis, was lit there was a measurable economic development impact.
- As a first step in rejuvenating the Middletown / Old Saybrook rail line the State should provide funding to extend the Valley Railroad north all the way to Middletown.

Special Industrial (I-3) Zone

The I-3 zone, covering 4,460 acres, is the largest industrial zone in the City. This zone includes four (4) large tracts of land. These include: Pratt & Whitney Aircraft, lands owned by Northeast Utilities or its subsidiaries, and the former Feldspar property. Much of the I-3 Zone is undeveloped due to steep topography and the lack of sanitary sewer. River Road provides Road access from the north and by Aircraft Road from the south. Freight rail service is available from the north, with the possibility of rail access to the south. The state provided funding for an extension of sanitary sewer from the existing treatment plant down River Road to Pratt and Whitney Aircraft. That extension is now complete. With improved road access to the higher plateau of the zone, some acreage would become attractive sites for high profile light industrial/office uses in a low-density, campus-type setting. A \$250 million, 720 megawatt, gas-fired power plant has been fully approved on the former Feldspar property. This development provides the necessary access and opportunities for future development on the Feldspar property and portions of the adjacent Northeast Utilities property.

Also in this area is a proposed Army Reserve / National Guard facility. On October 29, 2007, the Department of the Army announced that it selected a vacant parcel near the intersection of Saybrook Road and Freeman Road for the new site. The base will include: 1,800 reserves routing on a monthly schedule, 150 full-time staff (50% civilian), a 200,000 sq. ft. administration building, significant storage for military equipment, a maintenance facility, housed on 40 acres.

The State needs to:

- Work closely with the City, Pratt and Whitney Aircraft, Northeast Utilities and the owners of the power plant to insure access to other developable land in the I-3 zone.
- The State should recognize the fact that Middletown will be the host community for a U.S. Army Reserve Center Facility. While there certainly could be many benefits, this is a tax-exempt facility, which will rely on local emergency responders and other local services. PILOT funding from the state or the federal government is justified.

Remington Rand

This is a 184,000 square foot industrial complex, which the city has owned and managed for the last 7 years. The DECD has committed significant funds to the project and for that we are extremely grateful.

The building has approximately 120,000 sq.ft. of vacant space which has tremendous potential to create jobs in our lowest income census tract.

Profits from the building are channeled directly to the city's Economic Development Fund. The building nets approximately \$100,000 per year.

It is a significant Brownfield site with a remediation cost of approximately \$5 million. Fortunately, the DEP has identified Unisys Corp as the responsible party and they have accepted that responsibility. Over the last 5 years Unisys has completed all of its studies and prepared a Remedial Action Plan.

The State needs to:

- Expedite the environmental clean up so that the building can be transferred to an industrial non profit corporation that can mortgage the property to build out the unused space for future tenants.